

# HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 28, 2020

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING \$70,000 IN HRA LOAN  
ENTERPRISE FUNDS TO PAPA LEGBA, LLC, 202 CESAR CHAVEZ  
STREET, DISTRICT 3, WARD 2**

## **Requested Board Action**

Approve a \$70,000 loan to Papa Legba, LLC for the rehabilitation of a building at 202 Cesar Chavez Street.

## **Background**

Dolly and Greg Agnew are seeking to open a community gathering place at 202 Cesar Chavez Street, former site of the Cozy Cantina. The Agnews want to bring the evolution of American music, and greater awareness of its pioneers, to the people of Saint Paul. They believe that their sharing of African-American culture, and its role in American music, will fit well within the neighborhood context of the historic District del Sol, a designated Cultural Destination Area.

Dolly and Greg plan to acquire and rehab the now-vacant Cozy Cantina into Papa Legba's Lounge. The renovation will include new bar top, flooring, remodeling the bathrooms, kitchen upgrade, new furnishings, artwork on the inside and painting, new awnings, and uncovering the original windows on the outside. They also plan to refinish the parking lot and to create an outdoor seating space behind the building.

The property is in a significant location: it is the last building on the east end of the commercial district, could potentially control through traffic in the parking lot, and has not been maintained or enhanced like other commercial properties in the area. The Agnews believe that as highly visible and present owners/operators, they will help strengthen the neighborhood. They have letters of support and financial commitments from the West Side Community Organization (WSCO),

African Economic Development Solutions (AEDS), and the Metropolitan Economic Development Association (Meda).

**Budget Action**

This loan is funded from the fiscal year 2020 budgeted funds in the HRA Loan Enterprise – Business Assistance Program. No budget amendment is required. If this resolution is adopted, the balance in the program will be \$610,000.

**Future Action**

N/A

**Financing Structure**

The total development cost is \$435,153, with \$265,000 for acquisition and \$170,153 for rehab. The Agnews are investing \$80,000 of equity. WSCO and AEDS have each committed a \$10,000 grant to the project; Council Member Noecker has indicated support for a \$10,000 Year-Round STAR Grant; and Meda has indicated a willingness to provide \$255,153 in financing, split between a commercial mortgage and commercial loan, contingent on HRA or equivalent financing.

<b>USES</b>		<b>SOURCES</b>	
Acquisition	\$ 265,000	Private Debt	\$ 255,153
Construction Costs	\$ 161,653	Developer Equity	\$ 80,000
Direct Project Costs	\$ 8,500	HRA Amortizing Loan	\$ 70,000
		Other Grants	\$ 30,000
<b>Total Uses</b>	<b>\$ 435,153</b>	<b>Total Sources</b>	<b>\$ 435,153</b>

The HRA loan will have 13-year term, with no principal or interest due the first two years and fully amortizing over the remaining 11 years at a 3% interest rate.

**PED Credit Committee Review**

The Credit Committee reviewed the proposed HRA Loan Enterprise Fund financing on October 6, 2020 and approved a recommended Risk Rating of Vulnerable.

**Compliance**

The size of the project and the public support require developer compliance with Vendor Outreach, Affirmative Action, City Labor Standards, and the Two-Bid Policy.

**Green/Sustainable Development**

The size of the building, scope of the project, and amount of public support are below the minimums required for Green Building Policy.

**Environmental Impact Disclosure**

The development plans do not generate environmental impacts.

**Historic Preservation**

The building is not historically significant.

**Public Purpose/Comprehensive Plan Conformance**

The Project, which is consistent with the Comprehensive Plan, will accomplish a number of public purposes, including:

- Create construction jobs and permanent jobs.
- Redevelop a vacant building, adding commercial activities to the district.
- Contribute programming to a designated Cultural Destination Area.
- Strengthen the tax base of Saint Paul.

**Recommendation:**

The Executive Director and staff recommend approval of the attached Resolution authorizing this loan to Papa Legba, LLC.

**Sponsored by:** Commissioner Noecker

**Staff:** Ross Currier, 266-6611

## **Attachments**

- **Map**
- **Public Purpose**
- **District 3 Profile**
- **Photo of “Before” and Image of “After”**